
Kettering

Custom and Self Build

Demand Assessment Framework

December 2018

Three Dragons

Final Report



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EXECUTIVE SUMMARY

1. Self-Build housing has been part of the UK housing market for many years, traditionally meeting the aspirations of a niche market where future home owners are involved in the design and delivery of their dream home. Over time, self-build has gradually diversified through a range of models from the self- builder doing everything, through to a full ‘design & build’ approach with the self-builder commissioning contractors to build their homes for them. ‘Custom build’ models are now also entering the housing market enabling the consumer to buy a shell or part finished home to complete the fit-out themselves.

2. This report has been prepared for Kettering Borough Council as part of a larger study for the local planning authorities of Corby Borough Council; East Northamptonshire Council; Kettering Borough Council; Borough Council of Wellingborough which together make up the North Northamptonshire Joint Planning and Delivery Unit (NNJPDU) and are referred to in the report as the North Northamptonshire Councils. There are separate reports for each council. This report provides information to assist the Kettering Borough Council in planning for custom and self-build housing, responding to national legislation, policy and guidance, in the context of local demand. The report is divided into three parts
 - Part A –The national position

- Part B – The local context
- Part C – Demand estimate

Part A – The national position

3. The key requirements of the legislation are set out in two acts of Parliament, The Self-Build and Custom Housebuilding Act 2015¹ as amended by the Housing and Planning Act 2016, with guidance given by two main statutory instruments². The Acts introduced three duties for local authorities to meet demand for custom and selfbuild housing (collectively known as “the Right to Build”), requiring them to:

- prepare, publicise and maintain a register of individuals and associations of individuals “*who are seeking to acquire serviced plots of land*”;
- have regard to the register “*when carrying out their planning, housing, land disposal and regeneration functions*”; and
- give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, three-year, basis.

Part B – The local context

4. The Joint Core Strategy for North Northamptonshire 2011 – 2031, (adopted July 2016)³ supports Custom & Self-build (CSB) delivery and includes specific policies (Policy 30) to encourage development across the 4 authorities.

5. Kettering Borough Council’s emerging Site Specific Part 2 Local Plan – Consultation Draft⁴ states

“In order to meet the demand that has been determined through the Self-Build Register, it is the intention of the Council to include a policy in the Pre-submission version of the plan, which would encourage the delivery of serviced plots for self and custom build housing. However further work is required to determine the size of site the requirement would be placed on as well as the percentage of plots, on each site, that would be required for self and custom building housing⁵”

6. A simple comparison between demand for CSB (as measured by the register) and notional supply (as measured by single dwelling completions) indicates that most of the apparent demand is being met through small site developments. For Kettering, we have identified a demand from the register for 10 plots a year and a current supply of the same figure.

7. The above analysis relies on the register as an accurate measure of underlying demand and assumes there are no larger scale CSB developments. The scale of demand shown by registers can be as much a reflection of the approach taken to

¹ <http://www.legislation.gov.uk/ukpga/2015/17/contents>

² <http://www.legislation.gov.uk/uksi/2016/950/made> SI 950 (2016) and <http://www.legislation.gov.uk/uksi/2016/1027/made> SI 1027 (2016)

³ <http://www.njpu.org.uk/publications/docdetail.asp?docid=1573>

⁴ http://kettering.limehouse.co.uk/portal/draft_ssp2?pointId=2373732

promoting CSB locally as a pattern of local demand. Whilst it can be a useful indicator of demand it is not useful as a long term planning tool.

Part C – Demand estimate

8. In order to understand whether the registers provide a true reflection of demand, Three Dragons, with the support of the Right to Build Task Force, has developed an alternative model for determining underlying longer-term demand for CSB at local level. The model measures the potential for households in an area (on their own or by working with others in a group or ‘association’) to develop their own home – as custom or self-build. It compares the national profile of potential custom and selfbuilders with the profile of the local population. The model recognises that only a proportion of households which fit the characteristics are likely to go on to take up CSB and that local costs and values as well as availability of finance will have an impact on this.
9. Headline results from the modelling are shown in the table below.

5

Table 1: Modelled demand for CSB plots

	Demand for CSB - units per year (yrs 1-5)	Demand for CSB - units per year (yrs 6-15)	Demand for intermediate sale units per year (yrs 1 – 5)
Kettering Borough Council	66	72	7

Implications

10. The demand assessment model indicates that potential demand for CSB development is greater than the CSB register would suggest.
11. Limited CSB development is already occurring through single plots. The current rates of supply fall below the potential demand indicated by the modelling. This implies that positive action is required by the council to enable faster rates of CSB development in the area.
12. As a guideline and taking account of current levels of supply, we recommend the following levels of provision for CSB to be facilitated through the local plan process

for Kettering Borough Council. The figure is on an annual basis. For the next 5 year period

CSB estimated annual demand for plots = 56 plots

Rising to 62 plots per annum for years 5-10

13. The above figures should not be viewed as maximum. There may be particular circumstances which would support provision of a greater number of CSB plots.
14. Of the requirements set out above, approximately half would be expected to come forward as self-build housing and half as custom build developments. Of the selfbuild units, only a small number are likely to come forward as single plots delivered through traditional planning routes unless the council is able to do more to encourage such provision.
15. Demand for CSB plots is from a mix of household types and planning policies will need to encourage a diverse range of plots to meet the need. In framing future policies and dealing with planning applications, the following is put forward as a guide to the mix of plot types likely to be required:
15% - low cost/small plots/terrace style developments;
45% - suitable for 3 bed semi/detached homes; 40% - suitable for 4 or 5 bed detached homes.
16. About 10% of future CSB development should be as affordable housing. It is anticipated that this will be focused on intermediate sale products, but suitable Affordable Rented schemes should also be welcomed. National data indicates that take up of (non CSB) shared ownership housing tends to be from younger and smaller households. Therefore we would suggest that 75% of the affordable CSB plots should be smaller units aimed at this market and the remaining 25% for larger families.
17. There is an opportunity for KBC to use the information in this report as evidence base for policies in its emerging Local Plan and to encourage, through the Local Plan process, greater provision of CSB plots across the authority. Plan policies should take account of and reference all demand information.
18. This report has made best use of the available data. However, it is acknowledged that the growth in CSB in the area needs to be carefully monitored in line with the Government's Planning Practice Guidance to identify trends in demand and delivery against the duties under the legislation. The data collected can inform future reviews of plan policies and action to support this form of house building.
19. The Framework has been produced by Three Dragons and its contents are the responsibility of Three Dragons. The Right to Build Task Force⁵ has supported its development and continues to work with Three Dragons on its application.

⁵ The Task Force was established by the National Custom and Self Build Association and is supported by a range of organisations including the Royal Town Planning Institute, Royal Institution of

1 INTRODUCTION

Purpose of the Demand Assessment Framework

1.1 Self-Build housing has been part of the UK housing market for many years, traditionally meeting the aspirations of a niche market where future home owners are involved in the design and delivery of their dream home. Over time, self-build has gradually diversified through a range of models from the self-builder doing everything, through to a full 'design & build' approach with the self-builder commissioning contractors to build their homes for them. 'Custom Build' models are now also entering the housing market enabling the consumer to buy a shell or part finished home to complete the fit-out themselves.

1.2 There is no doubt that custom and self-build homes can help provide a diverse mix of local housing and widen the potential for home ownership as well as providing new affordable housing options. Custom and self-build can also help encourage small and medium sized builders to diversify their businesses and take advantage of a wider range of customers.

1.3 The Government has recognised these benefits and has steadily introduced measures to support the growth of Custom and Self-Build (CSB) housing.

The Framework Report

1.4 This report has been prepared for Kettering Borough Council (KBC) as part of a suite of reports for the 4 authorities that make up the partnership North Northamptonshire Joint Planning & Delivery Unit (NNJPDU): Corby Borough Council; East Northamptonshire Council; Kettering Borough Council; Borough Council of Wellingborough (referred to in the report as the North Northamptonshire Councils - NNCs). The report provides information to assist the authority in planning for custom and self build housing, responding to national legislation, policy and guidance in the context of local demand. The report is divided into three parts:

Part A –The National Position:

1.5 A summary of the relevant legislation and guidance and other actions the Government is taking to support CSB housing. Part A includes definitions of custom and self-build;

Part B – The Local Context

1.6 A review of relevant local authority policies (including its local plan and other guidance e.g. SPD⁶), current estimates of demand (including from the Custom and Self-Build Register as well as from the authority's SHMA⁷) and progress in meeting demand for CSB housing;

Chartered Surveyors and the Local Government Association. More details about the Task Force are available at www.righttobuildtoolkit.org.uk

⁶ Supplementary Planning Document

⁷ Strategic Housing Market Assessment

Part C – Demand Assessment

1.7 An assessment of future demand for CSB – for the next 5 years in detail, with broad estimates for the following 10 years. Estimates of the make-up of the demand (e.g. size of dwellings, affordable housing) are also provided.

1.8 The Framework has been produced by Three Dragons and its contents are the responsibility of Three Dragons. The Right to Build Task Force⁸ has supported its development and continues to work with Three Dragons on its application.

⁸ The Task Force was established by the National Custom and Self Build Association and is supported by a range of organisations including the Royal Town Planning Institute, Royal Institution of Chartered Surveyors and the Local Government Association. More details about the Task Force are available at www.righttobuildtoolkit.org.uk

2 NATIONAL CONTEXT

What is custom and self-build housebuilding

2.1 The Self-build and Custom Housebuilding Act 2015 (as amended by Section 9 Housing and Planning Act 2016) sets out a statutory definition of Self-build and Custom housebuilding as:

“(A1) In this Act “self-build and custom housebuilding” means the building or completion by—
 individuals,
 associations of individuals, or
 persons working with or for individuals or associations of individuals, of houses to be occupied as homes by those individuals.
 (A2) But it does not include the building of a house on a plot acquired from a person who builds the house wholly or mainly to plans or specifications decided or offered by that person.”

2.2 National Planning Practice Guidance interprets the definition of Self-build and Custom housebuilding as being:

“.....where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.”⁹

2.3 In simple terms, CSB is generally recognised as a form of housebuilding where the purchaser buys a building plot and funds their own build. This early acquisition gives them scope to influence the design and build of their home, either on their own or by working with others in a group or ‘association’.

2.4 The legislation does not distinguish between self-build and custom housebuilding and, in practice, there is a spectrum of options between the two. One definition of the difference was put forward by the former Minister for Housing and Planning, Brandon Lewis, in the House of Commons on 24 October 2014, where he said:

“[the] definition of ‘Self Build’ covers someone who directly organises the design and construction of their new home, while ‘Custom Build’ covers someone who commissions a specialist developer to help to deliver their own home.”

2.5 The National Custom and Self Build Association (NaCSBA) has provided a more detailed description of the differences between self-build and custom housebuilding:

Self-build is when someone gets involved in, or manages, the construction of their new home (with or without the help of subcontractors).

Custom build is when people commission the construction of their home from a developer/enabler, builder/contractor or package company. With ‘custom build’ the occupants usually don't do any of the physical construction work but still make the key design decisions.

⁹ Planning Practice Guidance Paragraph: 016 Reference ID: 57-016-20170728

2.6 Both of the above forms of housebuilding provide routes into home ownership for individuals and groups or associations of individuals who want to play a role in developing their own homes. Clearly there is a blurring in the distinction between the two forms of housing but, in terms of how they are treated for planning purposes, regulation, exemptions and outcome are the same whatever route the self-builder takes. However each build route will require different types of plot to be made available.

2.7 CSB housing is not, of itself, Affordable Housing as set out in the National Planning Policy Framework (NPPF) (July 2018) although CSB housing can produce cost savings compared to market housing. Models of CSB housebuilding are emerging which more directly fall within the NPPF definition of Affordable Housing, for example, as intermediate sale products such as shared ownership and discount market sale. There are also a small number of schemes of CSB housing which are developed as Affordable Rent.

2.8 The delivery of self-build and custom housing through affordable housing policies is now starting to be found in local plans¹⁰.

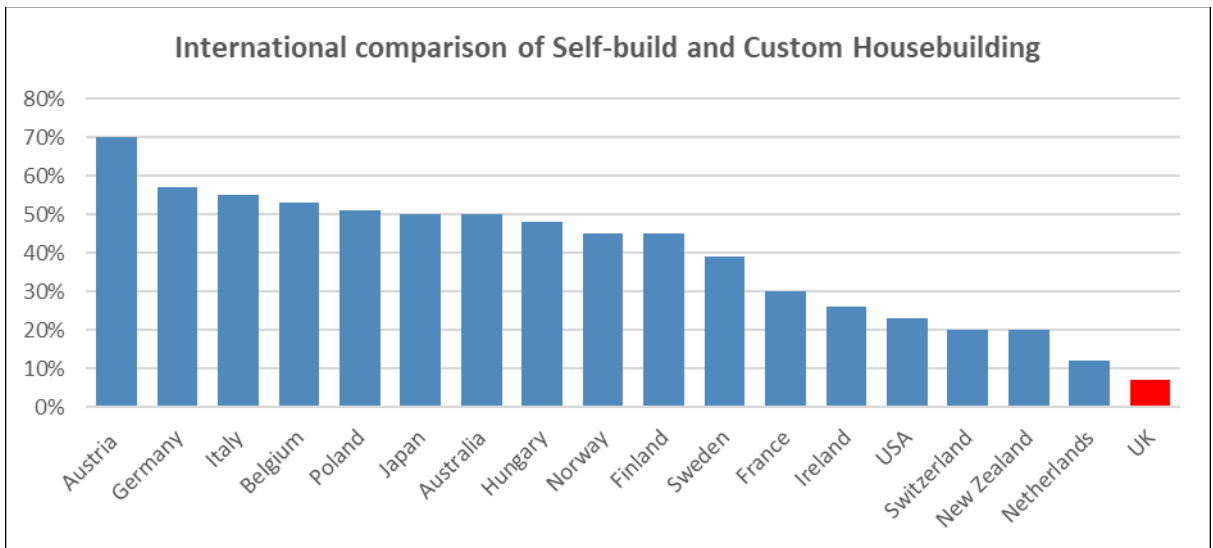
2.9 CSB homes can be undertaken by local community groups. The groups can be organised in different ways, for example as co-operatives or co-ownerships or through community land trusts. Community groups may have a common purpose and wider community objectives or may simply provide a means for individuals to build/commission their own home. Housing associations, local authority housing companies and specialist organisations such as the Community Self Build Agency can also bring forward affordable CSB housing schemes.

Custom & self-build Housing Delivery Rates

2.10 The CSB sector currently completes about 13,000 homes each year in the UK. At this rate, the UK lags well behind other European countries and those elsewhere in the world in terms of the contribution from Self-build and Custom housing development to overall housing numbers (see below).

¹⁰ For example, see a) Consultation on Preferred Scale and Distribution of Development – Shropshire Local Plan Review para 6.27 <https://www.shropshire.gov.uk/get-involved/local-plan-review-preferred-scale-and-distribution-of-development/> (and <https://www.shropshire.gov.uk/media/8588/build-your-own-affordablehome-information-pack.pdf>) b) Cornwall Local Plan adopted Nov 2016 para 2.29 <http://www.cornwall.gov.uk/localplancornwall> and c) Torbay Local Plan adopted Dec 2015 policy H3 <http://www.torbay.gov.uk/council/policies/planning-policies/local-plan/new-local-plan/>

Figure 2.1 International comparison of Self-build & Custom Housebuilding



Source: NaCSBA (2016, unpublished)

2.11 There is no single explanation to account for the scale of difference in incidence of self-building between similar countries but various hypotheses have been put forward. A study by the University of York suggests that important factors may be “*historic developments within housing and planning systems, the propensity of the government to provide housing, and the emergence of large volume housebuilders and/or local commitments to the ethos of homeownership¹¹*”. A recent parliamentary research paper suggests that the level of local authority support for community projects is greater in countries with higher rates of self-building¹².

2.12 The Government stated in the White Paper ‘*Fixing our broken housing market*’ that it wants to support the growth of custom and self-build housing to help drive the diversification of the housing market in England, boost housing supply and give more people more choice over the design of their own home. Alongside two Acts of Parliament and associated regulations (see below), the Government supported the establishment of an industry-led Right to Build Task Force to support delivery, as recognised in the White Paper.

Key requirements of the legislation

2.13 Two acts of Parliament set out the responsibilities of local authorities to help promote CSB housing. The Self-Build and Custom Housebuilding Act 2015 as amended by the Housing and Planning Act 2016 introduced three duties for local authorities to meet demand for custom and self-build housing (collectively known as “the Right to Build”). This legislation requires local authorities to:

¹¹ Build it Yourself? University of York Spring 2013 p16 – based on previous research ‘Self-provided housing in developed societies’ Dol et al 2012

¹² Parliamentary Research Paper 06784 Self-build & Custom Build Housing (England) March 2017 see p5 – example given of how municipality of Belin actively seeks to help self-builders (quoting a speech by Richard Bacon MP)

- prepare, publicise and maintain a register of individuals and associations of individuals “*who are seeking to acquire serviced plots of land*”;
- have regard to the register “*when carrying out their planning, housing, land disposal and regeneration functions*”; and
- give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, threeyear, basis.

Preparing and managing the Register

2.14 As of 1 April 2016 all relevant authorities in England (including all local planning authorities) are required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in the authority’s area in order to build houses for them to occupy as homes. According to NaCSBA, all relevant authorities have now established their Self-build and Custom Housebuilding Register.

2.15 For an individual or organisation to be eligible to join the register they must:

- be aged 18 or over;
- be a British citizen, a national of an EEA State other than the United Kingdom, or a national of Switzerland;
- be seeking (either alone or with others) to acquire a serviced plot of land in the relevant authority’s area for their own Self-build and Custom housing project; and
- have paid any fee required by the relevant authority and complied with any financial solvency test, if introduced (see below).

2.16 Authorities cannot preclude anyone who wishes to join the register and who fulfils the above criteria. However, authorities can separate the register into two parts (Part 1 and Part 2) if they introduce a local connection test, with those people who meet such a test being placed on Part 1 of the register. Those who meet all of the eligibility criteria except for the local connection test must be entered onto part 2 of the register. This does not apply to members of the armed forces.

2.17 Conditions for a local connection are very broadly defined in legislation and it is largely left to the authority to decide the criteria they want to use “*as the authority reasonably considers demonstrate that the individual has sufficient connection with the authority’s area.*”, provided such a test is justified, proportionate and introduced in response to a recognised local issue. Government guidance also says such tests should be reviewed periodically to ensure they remain appropriate and are still achieving their desired effect.

2.18 The effect of this in practice is that the requirement to give suitable development permission for enough serviced plots of land to meet the demand on the register only applies to the number of households entered on

Part 1 of the register (although it does not have to be those same households who apply for permission to develop custom or self-build housing).

- 2.19 Authorities can also introduce an optional eligibility test, the financial solvency test, which can be used to assess whether an applicant can afford (ie. has sufficient resources) to purchase the plot of land they are seeking.
- 2.20 Once on a register, there are only two ways in which an individual (or association of individuals) can be removed. The first is if the individual or association of individuals request it. The second is if the local authority considers the individual or association of individuals to no longer be eligible, or to have already acquired land to build their home or where they fail to pay any fee required.
- 2.21 The legislation does not require authorities to check whether those on the register remain interested in obtaining a serviced plot to build their own home.
- 2.22 Further details on preparing and maintaining a register are found in the Self-Build and Custom Housebuilding Regulations 2016¹³ and The Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016¹⁴.

Assessing the number of serviced plots to be provided

2.23 The Housing and Planning Act 2016 places a duty on local authorities in England to “give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority’s area.....” This includes land which has ‘permission in principle’¹⁵. The duty came into force on 31 October 2016.

2.24 Authorities have a rolling three-year deadline in which to respond to the level of demand established in their registers each year, ending 30th October. Where an authority has two parts to its register, it does not need to make provision for the demand identified in Part 2 but the level of interest across both parts of the register is a measure of the strength of demand for custom and self-build plots and must be taken into account by the authority in undertaking its planning, housing, regeneration and land disposal functions.

2.25 The regulations define a series of ‘base periods’ used to determine the number of serviced plots to be provided. The first base period ended 30 October 2016 (all names on that register as of 30 October 2016 must be taken into account for purposes of the duty to provide plots). Subsequent base periods run 31/10-30/10 each year, on a rolling basis (i.e. the second base period ended 30/10/17, the third base period will end 30/10/18 and so on.

¹³ <http://www.legislation.gov.uk/uksi/2016/950/made> SI 950 (2016)

¹⁴ <http://www.legislation.gov.uk/uksi/2016/1027/made> SI 1027 (2016)

¹⁵ Section 10 of the Self-build & Custom Housebuilding Act 2016 allows for land allocated on part 2 of a brownfield register to be considered towards Custom and Self Build provision even though the site must receive a grant of technical details consent before development can actually proceed; from June 2018 it will also be possible to apply for PIP.

Once accepted onto the register, the local authority must count individuals on the register for the base year on which they were accepted.

2.26 Local authorities must provide plots to meet demand for each base period within the three years after the end of the base period. This is illustrated in the following example for Local Authority A:

In base period one – to 30/10/16 – 50 names were added to the register – the authority has until 30/10/19 to make provision for 50 serviced plots.

Then in base period two - 31/10/16 and 30/10/17 – 100 names were added to the register – the authority has until 30/10/20 to make provision for another 100 serviced plots.

Then in base period three - 31/10/17-30/10/18 – 30 names are added to the register - the LA has until 30/10/21 to provide a further 30 plots, and so on.

2.27 Authorities need to be aware that the legislation does not allow for a reduction in the requirement for ‘suitable development permission’ if names on the register at the **end of a base period** are subsequently withdrawn by the individual or removed by the authority (because they are no longer eligible). Authorities therefore need to be very careful to ensure names entered onto the register are eligible and still interested in obtaining a plot at the **end of the base period**. Authorities can ask people to re-register if optional eligibility tests have been introduced and/or to check if people who are registered will wish to remain on the register. This provides the ability to remove people from the register if they are no longer deemed to be eligible¹⁶. However, this **will not affect** the established demand for previous base periods described above.

2.28 Local authorities may apply for an exemption from the requirement to provide serviced plots to meet the numbers on their register if, for any base period, the number is greater than 20% of the land identified by the authority as being available for future housing¹⁸. In this case, the number of plots required is capped at 20% of available land. The exemption applies only to the relevant base period(s).

2.29 This does not affect the duty of local authorities to have regard to their register when carrying out their planning, housing, land disposal and regeneration functions.

2.30 Government guidance provides more detail on how the exemption works in practice, including the process for applying for an exemption.

Providing serviced plots

2.31 The duty placed on local authorities is to give suitable development permissions for enough serviced plots of land to meet the demand for self-build and custom housebuilding

¹⁶ If an applicant fails to meet eligibility on the grounds of local connection alone (but wishes to remain on the register) they can only be removed from pt1 – they must remain on pt2, which is the part of the register that is not counted towards the requirement for serviced plots¹⁸

<http://www.legislation.gov.uk/uksi/2016/950/made>

in their area. This is not a duty on authorities to directly provide the serviced plots themselves or to ensure that plots are allocated to those households on the register. Neither is it a duty to match (i.e. specifically meet) the requirements expressed by those on the register. Government guidance instead advises that local authorities should use the preferences expressed by those on their register to guide decisions when discharging their duties under the legislation.

2.32 A serviced plot is one with access to a public highway and has connections for electricity, water and waste water or, if this is not immediately available, can be provided in specified circumstances and within a specified period. This allows infill development on land alongside a road frontage to be considered as serviced. There is no specific expectation that services must be physically connected to the plot of land at the time of grant of planning permission.

2.33 Local authorities can meet their obligations in a variety of ways including, for example:

- direct provision of serviced plots on their own land (or in partnership with another landowner - a public body or a private landowner);
- through a plan policy that requires new development to make provision for a proportion of plots as part of the development; the plots are then secured at the time of a planning permission through a section 106 agreement;
- by seeking to encourage and permit applications, either as windfall or as part of a larger, allocated site.

2.34 Depending on the form of CSB housing, there may be implications for the viability of the development. This requires careful assessment alongside other community benefits such as affordable housing, both when preparing local plans and in decisions about individual applications.

The Community Infrastructure Levy

2.35 Custom and self-build housebuilding is exempt from paying the Community Infrastructure Levy. The exemption applies to anybody who is building their own home or has commissioned a home from a contractor, house builder or subcontractor. Individuals claiming the exemption must own the property and occupy it as their principal residence for a minimum of 3 years after the work is completed.¹⁷

Wider duties of local planning authorities

2.36 The NPPF asks local planning authorities to assess the demand for CSB housebuilding and use their local plans to meet such demand¹⁸.

¹⁷ For more details of the operation of the exemption see Planning practice Guidance - 135 Reference ID: 25135-20140612 through to 153 Reference ID: 25-153-20140612 see also CIL reg 54a which defines self-build housing as 'a dwelling built by P (including where built following a commission by P) and occupied by P as P's sole or main residence' (where P is a 'Person')

¹⁸ Para 61 NPPF July 2018

2.37 In terms of assessing demand, the most up to date Government guidance¹⁹ sets out that local authorities should use the information from their registers, supported as necessary by data from other sources, when preparing their Strategic Housing Market Assessment (SHMA) to understand and consider future need for such housing locally.

2.38 In terms of plan-making, the Government's intentions were highlighted in a letter from the Minister for Housing and Planning to all English local authorities on 5 March 2015. This made it clear that plans risk being found unsound if they fail to provide sufficient evidence to demonstrate that they have taken the demand for people who want to build their own homes into consideration.

2.39 In the Government's 2017 consultation on a proposed new approach to assessing housing need its stated objective was to, *".....make it easier for local planning authorities to identify the need for other types and tenures in their area..."* *"These include, but are not limited to... Self-build and custom-build development"*²⁰.

2.40 The revised NPPF (July 2018) does not introduce any radical change to the way CSB is defined or delivered. However, there are several paragraphs that could impact on the way local authorities plan for CSB, including those discussed in the following paragraphs.

2.41 The first is a policy from which CSB is to be excluded. This is a requirement that, *"Where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership."* As CSB readily lends itself to providing affordable home ownership as its contribution to affordable housing, this could be unhelpful – leaving CSB to rely more heavily on Affordable and Intermediate Rent to make up any required percentage of affordable housing. This possible consequence of the revised NPPF may not have been foreseen (see para 64).

2.42 In addition the NPPF includes an obligation on planning authorities to identify, *"land to accommodate at least 10% of their housing requirement on sites no larger than one hectare"*. If this leads to an increase in the number of small sites allocated in plans, this could be a useful way of extending the range and type of sites suitable and available for CSB (see para 68).

2.43 Also with possible implications for CSB is where planning authorities are asked to support proposals for, *"..the development of entry level exception sites, suitable for first time buyers (or those looking to rent their first home)"*. Similar to rural exception sites, these sites would be, *"... on land which is not already allocated for housing"* and *"adjacent to existing settlements"*. Such sites could add opportunities for CSB, especially for smaller and more affordable CSB products, on sites not already allocated (see para 71).

¹⁹ PPG ref 57-011-20160401 (1/4/16)

²⁰ DCLG, Planning for the right homes in the right places: consultation proposals, September 2017

3 LOCAL CONTEXT

Current and emerging planning policy

3.1 Planning policy for provision of CSB is currently set out in the NNJPDU and KBC's adopted and emerging local plans. We summarise these policies in the table on the next page.

Table 3.1: Local plan policies

Authority	Document	CSB policy
North Northamptonshire Joint Planning & Delivery Unit	i) North Northamptonshire Joint Core Strategy 2011 – 2031, (adopted July 2016) ²¹	<p>i) Policy 30 – Housing mix and tenure sets out the overarching requirement that “[h]ousing development should provide a mix of dwelling sizes and tenures to cater for current and forecast accommodation needs and to assist in the creation of sustainable mixed and inclusive communities”</p> <p>In relation to CSB housing in particular, the policy states that “[p]roposals for individual and community Custom-Build developments that are in line with the spatial strategy will be supported. SUEs and other strategic developments should make available serviced building plots to facilitate this sector of the market”, though no specific targets are set.</p> <p>Para 9.47 – 9.49: sets out a recognition of the benefits of CSB housing alongside a brief summary of the relevant legislation at the national level.</p> <p>Para 9.50: allows that Part 2 Local Plans and Neighbourhood Plans “may identify specific sites to enable custom built housing to play a greater role in the delivery of housing in North Northamptonshire” and that this should be based on “evidence of local demand”.</p>
Kettering Borough Council	1995 Local Plan Saved Policies (adopted 30 January 1995) ²⁴ Site Specific Part 2 Local Plan - Draft	<p>1995 Local Plan Saved Policies do not make reference to CSB Housing</p> <p>The emerging Local Plan, currently at consultation (22nd June 2018 to 3rd August 2018), considers the CSB housing in Para 4.24 – 4.28.</p>

²¹ <http://www.nnjpu.org.uk/publications/docdetail.asp?docid=1573> ²⁴

https://www.kettering.gov.uk/downloads/file/317/saved_policies

Kettering Borough Council: CSB Demand Assessment

	Plan (emerging) ²²	<p>Para 4.28 indicates that “[i]n order to meet the demand that has been determined through the Self-Build Register, it is the intention of the Council to include a policy in the Presubmission version of the plan, which would encourage the delivery of serviced plots for self</p>
		<p><i>and custom build housing. However further work is required to determine the size of site the requirement would be placed on as well as the percentage of plots, on each site, that would be required for self and custom building housing.”</i></p> <p>Para 4.28 adds that “[t]his additional work, will also look at the option to include a policy which would allow single plot exception sites in the rural area, which would seek to meet the need for affordable housing, through an additional mechanism to that provided by Policy 13 of the Joint Core Strategy (Rural Exceptions).”</p>

²² http://kettering.limehouse.co.uk/portal/draft_ssp2?pointId=2373732

3.2 Current local plan policies will reflect the time when they were prepared and adopted, hence the lack of reference to CSB. The preparation of the draft part 2 Local Plan provides the council with the opportunity to develop a pro-active approach to CSB and to reflect longer terms patterns of demand in their policies, taking account of a range of evidences of demand.

Evidence of demand for CSB

From the Self build register

3.3 The Council holds a self build register and collects information about the number of households registering in each 'base period'. As discussed in chapter 2, each authority has to give suitable development permission for enough serviced plots of land to meet the demand for custom and self-build housing in their area on a rolling, three-year, basis.

3.4 Information provided by Kettering Borough Council shows the numbers registering across the authority as the table below sets out.

Table 3.2: Numbers joining the self-build register by base period²³²⁴

	Base period to 30/10/16	Base period to 30/10/17	Base period 31/10/2017 to 1/7/18	3 year average (assuming final period projected to full year)
Kettering Borough Council	7	6	10 ²⁷	9

3.5 The evidence from the register suggests that there has been a slow initial demand for plots. There is only partial data for the current year but nonetheless there has been a rise in demand.

SHMA and other local evidence of demand

3.6 The Strategic Housing Market Assessment²⁵ for the North Northamptonshire housing market area covers all 4 North Northamptonshire planning authorities. Its preparation predates the Right to Build legislation and therefore does not provide any specific evidence of demand for CSB. However, use is made of the SHMA later in this report, in estimating the level of potential demand for intermediate sale CSB.

Notional supply

3.7 There are two available measures of the notional supply of CSB housing that is already taking place (but noting that increasingly authorities are monitoring CSB delivery in its own right).

3.8 The first measure is the number of single dwelling schemes being developed and where it is reasonable to assume that the purchasers will have significant input into the

²³ Information supplied by KBC 20th July 2018

²⁴ when projected to full year – (10/8 x 12 = 15)

²⁵ SHMA 2012 and update 2015 <http://www.nnjpdu.org.uk/publications/?q=SHMA>

design and layout of their new home. This is not an absolute measure of current CSB supply as some single dwellings will be developed on a speculative basis but it is

an indication of the level of supply. We have therefore looked at planning permissions and completions for the last 3 years²⁶.

3.9 Thus the figures in the next table should be treated as an indication of the current level of CSB activity rather than an absolute measure.

Table 3.3: Indicative measures of current supply of CSB dwellings²⁷

Kettering Borough Council – Single dwelling schemes (total dwellings – permissions and completions)

	2015/16	2016/17	2017/18	3 year average
Permissions	12	12	16	13
Completions	10	6	10	9

3.10 In addition there has been an average of 2 double plots permissions in the same period.

3.11 A simple comparison between demand for CSB (as measured by the register) and notional supply (as measured by single dwelling completions) indicates that most of the apparent demand is being met through small site developments. A very rough assessment of the pattern for the authority is:

- Demand (as measured by the register) – about 10 households pa;
- Notional supply about 10 pa.

3.12 Of course, the above analysis relies on the register as an accurate measure of underlying demand and assumes there are no larger scale CSB developments. Registers for different authorities can produce very different numbers, implying that the scale of demand shown by registers may be as much a reflection of the local approach taken to promoting CSB as differences in patterns of demand. In the next chapter we address this issue by providing an alternative measure of underlying longer term demand for CSB.

4 DEMAND ANALYSIS

Approach to measuring demand

4.1 With the support of the Right to Build Task Force, Three Dragons has developed a bespoke model for measuring demand for CSB at the local level. The model measures the potential for households in an area to develop their own home (on their own or by working with others in a group or ‘association’) – as custom or selfbuild. The model compares the national profile of potential custom and self-builders (using data provided by NaCSBA for this exercise²⁸) with a profile of the local population. The model recognises that only a

²⁶ Had they been available we would also have utilised CIL exemptions

²⁷ Information supplied by the local authority

²⁸ Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to CSB (IPSOS MORI unpublished) alongside profile of households who have completed a project (NaCSBA unpublished)

proportion of households which fit the characteristics are likely to go on to take up CSB and that local costs and values²⁹ as well as availability of finance will have an impact on this.

4.2 The model also takes into account that the custom and self-builders identified will not all be ready to build on day-one. Our research shows that from being ready to purchase land to project completion takes on average 2-3 years³⁰. This is reflected in the demand modelling which gives results on an annual basis³¹. It can also be assumed that in future years demand for CSB will grow or contract dependent upon future growth in the population.

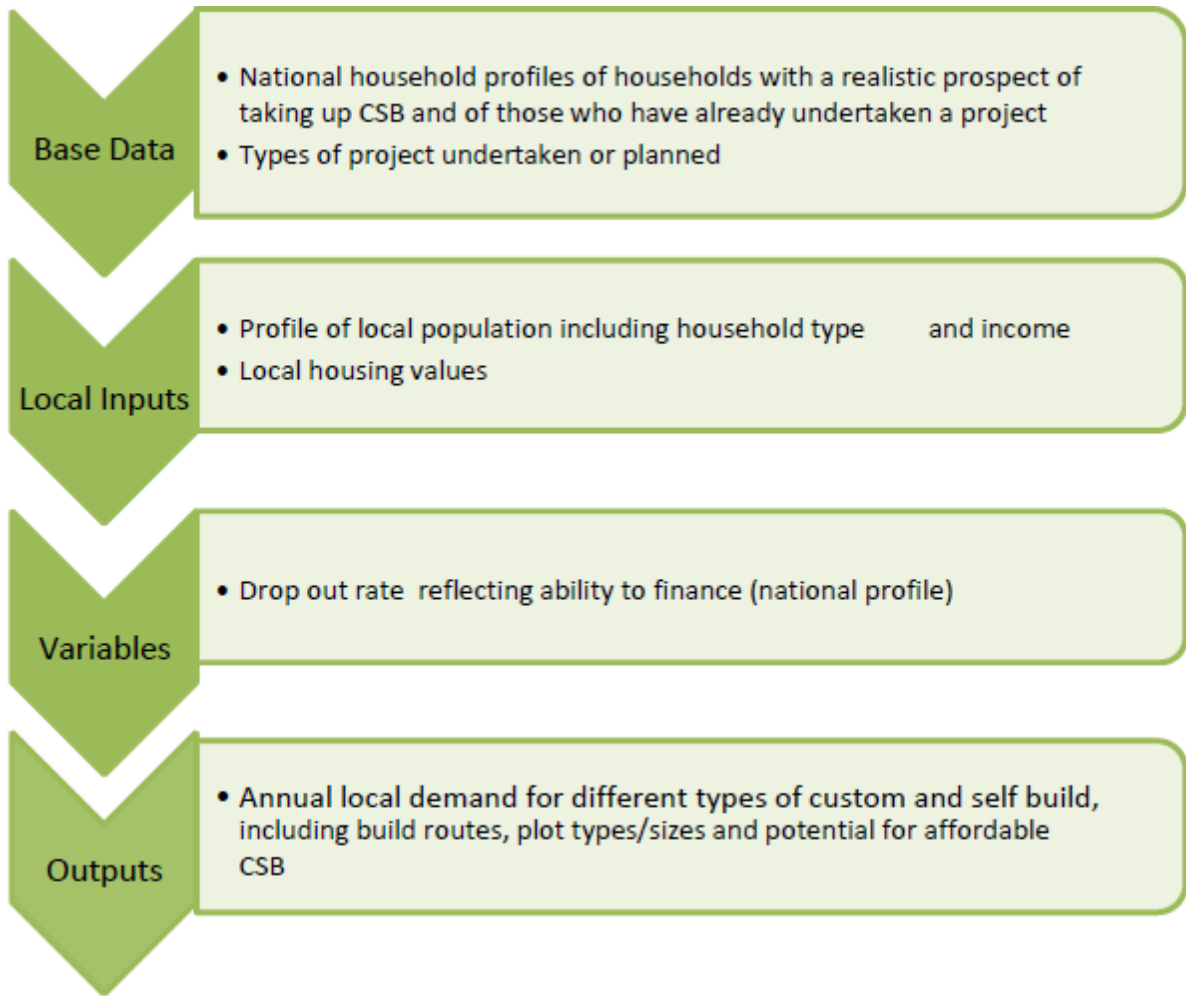
4.3 The diagram below illustrates the process of modelling demand for CSB.

²⁹ Local costs and values based upon i) for income *Regional gross disposable household income by local authority per head* ONS May 2018 (for 2016) and ii) for values *House Price Statistics for Small Areas (HPSSAs)* ONS 2017 (median prices). The datasets are based on current values which could be subject to future change e.g. if new housing schemes tend to be at generally lower or higher values than the current stock.

³⁰ Profile of households who have completed a project (NaCSBA 2017 unpublished)

³¹ We have modelled demand using a 3 year basis as we consider this the most likely timescale for project completion at present; a 2 year timescale would show an increased demand level which may be unrealistic

Figure 4.1: Outline of the demand assessment model



4.4 Data used in the model is set out in the annex along with a more detailed description of the modelling process.

Demand estimates from the model

Headline results

4.5 The results of the modelling exercise are shown in the table below. The results assume that potential households taking up CSB take three years to proceed.

Table 4.1: Headline results showing demand for CSB housing - assuming 3 years lead in time

	Demand for CSB - units per year (yrs 1-5)	Demand for CSB - units per year (yrs 6-15)	Demand for intermediate sale units per year (yrs 1 – 5)
Kettering Borough Council	66	72	7

4.6 The potential demand for CSB across the KBC district is 66 units per annum over the next 5 years, rising to 72 pa in years 6 to 15.

4.7 No distinction is made in the modelling between individual households and groups taking up CSB. It should be assumed that demand from any group taking up CSB will be from within the numbers shown in the table above.

Comparison with CSB Register and notional supply

4.8 The levels of demand modelled are higher than implied by the earlier analysis of the Custom and Self Build Register. The comparison is set out in the following table. This draws on the analysis at para 3.11 which was recognised as being a series of best estimates. The table also shows the estimated notional supply already achieved – again noting that the figures are estimates based on partial data. The data in the table is for years 1 – 5.

Table 4.2: Demand for CSB housing Years 1 – 5 - assuming 3 years lead in time

	Modelled demand for CSB - units per year	Demand for CSB – based on the Register ³²	Estimated current levels of supply of CSB
Kettering Borough Council	66	10	10

4.9 Modelled demand is significantly higher than that shown by the analysis of the registers. Current levels of supply (as estimated for this exercise) are well short of the modelled demand. This difference equates to about 56 dwellings per annum.

CSB - Affordable housing

4.10 Demand for relatively small numbers of intermediate affordable housing CSB units has been identified –around 7 units per annum. It has been assumed that affordable units will be delivered as intermediate sale housing (most likely as shared ownership or shared equity). However, this is not to preclude CSB Affordable Rent if that were to come forward. Data from the SHMA was used to generate the estimates of demand for intermediate CSB plots³³.

4.11 There is a limited amount of data available on households purchasing shared ownership or shared equity housing as a section of the total population, making it difficult to predict in any other way, who is likely to require intermediate sale CSB. What we do know from CORE³⁴ is that shared owners tend to be younger and are likely to be in couple or single person households³⁵. In shared ownership provided by a registered provider, just under 75% of households are under 40 and just over

³² Ref para 3.11

³³ Based on_NNJPU SHMA Housing Requirement Update January 2015 Table 9.3: intermediate housing as a percentage of market + intermediate housing requirement

³⁴ The COntinuous REcording (CORE) data collection run by MHCLG

³⁵ MHCLG statistical datasets - live tables on social housing sales – table 695 (age of purchaser PRPs only) and table 696 (household composition of social housing buyers PRPs only) using average of last 3 years to 2016/17

75% are singles or couples. Based on this we would suggest that of the 35 units required over the next 5 years as affordable CSB, 75% should be smaller units for younger, potentially 1 or 2 person, households and 25% should be for families with children.

Build route

4.12 The available data does not allow for a comprehensive analysis of demand by type at the local authority level. However, national data indicates the following:

- Between 50-70% of those taking up CSB will be self-builders - half on single plots and half as part of larger site;
- 30-50% will be Custom Builders.

Given the growth in the market and increasing interest amongst younger households – a reasonable starting point for planning purposes would be 50% self-build / 50% custom build.

4.13 These proportions are based on current experience and will likely be influenced by the supply of plots and types of build route that are available. Over time, as the potential for custom build develops, especially if promoted on larger sites, it is reasonable to expect that the balance between self and custom build demand will change

Plot types

4.14 Guidance on the type (size) of plots that are needed can be inferred from the demand profile for CSB. The data collected on the profile of custom and self-builders over the past 5 years indicates that whilst the traditional pattern of wealthy middleaged couples building their own home remains part of the picture, younger households on lower incomes are also entrants to the market, attracted by elements including affordability, quality of design and eco-sustainability³⁶.

4.15 The chart below shows the profile of potential CSB households in the Kettering district in terms of their age and household type. Similar to the national average for CSB households but with a slightly greater proportion of families³⁷, 36% of households are families with children and 36% are couples. Of the remainder 23% are single persons and 5% are other household types including non-related adults and extended families.

³⁶ Raw data profile provided by NaCSBA from 4 years wide ranging survey on, inter-alia, propensity to CSB (IPSOS MORI unpublished)

³⁷ Nationally, based on raw data from NaCSBA (ibid) nearly 40% of those likely to custom/self-build are couples and nearly 30% are families with children

Figure 4.2a: Potential demand for custom & self-build in Kettering by household type

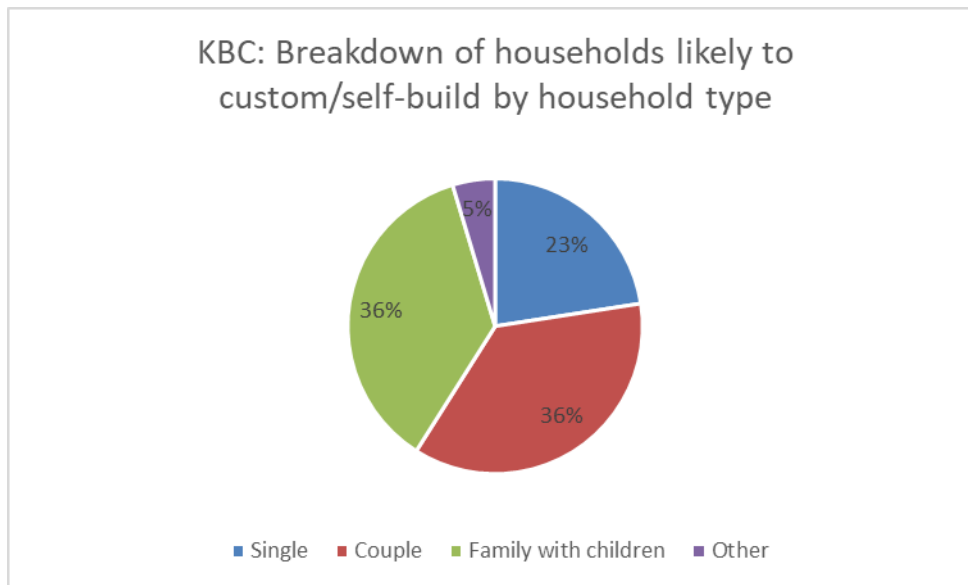
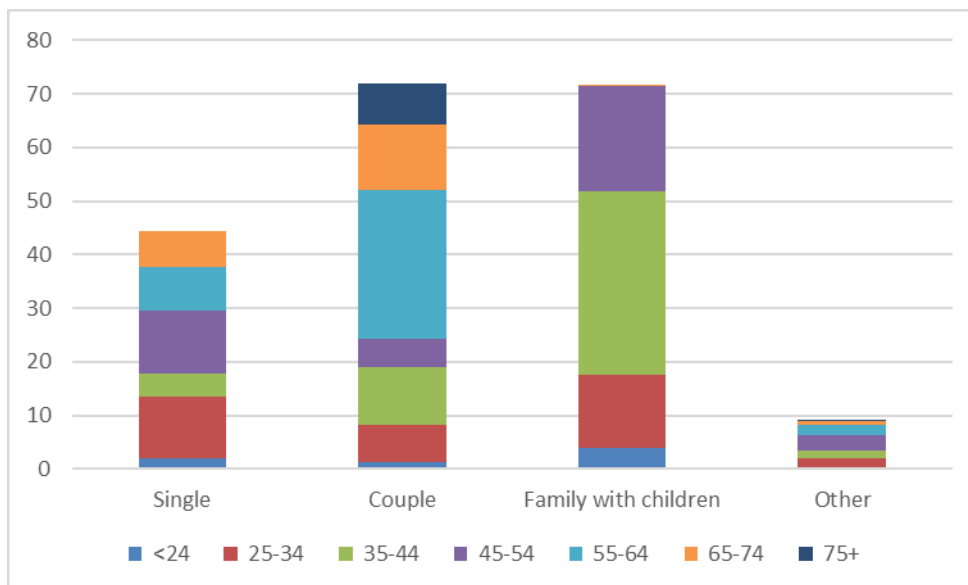


Figure 4.2b: Potential demand for custom & self-build in Kettering by age and household type



4.16 The chart also shows that a high proportion of the potential CSB households in Kettering are 55 years or older (33%) – most of whom are couples. However a larger group (45% of all the households) are younger households aged 35 to 54 years – and nearly 60% of these are families with children. The remaining 21% is made up of households under 35 years and are a mix of single, couple and family households.

4.17 The available evidence indicates that there will be a need for a range of plot sizes. It is likely that some (probably younger and smaller) households may consider lower price terrace style accommodation provided through a custom build route using strong design principles.

4.18 As a guide to the mix of plot types required, we suggest planning on the basis of:

- 15% - low cost/small plots/terrace style developments;
- 45% - suitable for 3 bed semi/detached homes;
- 40% - suitable for 4 or 5 bed detached homes.

As this is largely a demand-led rather than need-led market, we have assumed that most households will be looking for a property which is bigger than their immediate household requirements.

5. IMPLICATIONS

5.1 The demand assessment model indicates that potential demand for CSB development is greater than the CSB register would suggest.

5.2 Limited CSB development is already occurring through development of single plots. The current rates of supply fall below the potential demand indicated by the modelling. This implies that positive action is required by the council to enable faster rates of CSB development in the area.

5.3 As a guideline and taking account of current levels of supply of around 10 plots pa, we recommend the following levels of provision for CSB to be facilitated through the local plan process for Kettering Borough Council. The figure is on an annual basis.
For years 1-5

Estimated provision through the Local Plan = 56 plots per annum

Rising to 62 plots per annum for years 5-10

5.4 The requirements for CSB set out above include any community groups that come forward with schemes to be developed through, for example, a co-ownership or cooperative model.

5.5 The above figures should not be viewed as maximum. There may be particular circumstances which would support provision of a greater number of CSB plots than the figures in 5.3 suggest.

5.6 Of the requirements set out above, approximately half would be expected to come forward as self-build housing and half as custom build developments. Of the selfbuild units, only a small number are likely to come forward as single plots delivered through traditional planning routes. That is, unless the council is able to do more to encourage such provision.

5.7 Demand for CSB plots is from a mix of household types and planning policies will need to encourage a diverse range of plots to meet the need. In framing future policies and dealing with planning applications, the following is put forward as a guide to the mix of plot types likely to be required:

- 15% - low cost/small plots/terrace style developments (say at about 100-120 sqm per plot);
- 45% - suitable for 3 bed semi/detached homes (say at about 300 sq m per plot);
- 40% - suitable for 4 or 5 bed detached homes (say at over 300 sq m per plot)

5.8 About 10% of future CSB development should be as affordable housing. It is anticipated that this will be focused on intermediate sale products, but suitable Affordable Rented schemes should also be welcomed. National data indicates that take up of (non CSB) shared ownership housing tends to be from younger and smaller households. Therefore we would suggest that 75% of the affordable CSB plots

should be smaller units aimed at this market and the remaining 25% for larger families. The affordable element of CSB housing could be delivered by affordable

housing providers, custom build developers or enablers, as well as community groups.

5.9 There is an opportunity for KBC to use the information in this report as evidence base for policies in its emerging Local Plan and to encourage, through the Local Plan process, greater provision of CSB plots across the authority. Plan policies should take account of and reference all demand information.

5.10 This report has made best use of the available data. However, it is acknowledged that the growth in CSB in the area needs to be carefully monitored in line with the Government’s Planning Practice Guidance to identify trends in demand and delivery against the duties under the legislation. The data collected can inform future reviews of plan policies and action to support this form of house building.

5.11 A summary of findings is presented in the table below **Table**

5.1: Summary of findings on custom & self-build for KBC

Supply			Demand				
Single dwelling schemes (total dwellings – completions) ³⁸			Demand identified from CSB register ^{39,40}			Demand identified from CSB modelling	
2015/16	2016/17	2017/18	2015/16	2016/17	2017/18 (part year ⁴³)	Per year (yrs 1-5)	Per year (yrs 6-10)
10	6	10	7	6	10	66	72

ANNEX I – THE MODEL

Modelling process and data sources

Steps	Modelling	Data source
1	National profile of households (by age and type) with realistic prospect of becoming CSB demand.	2013-2016 data from an Ipsos Mori survey for NaCSBA (available from the NaCSBA on request)

³⁸ Years – April - March

³⁹ Years 31st October – 30th October

⁴⁰ /10/17 – March 2018

2	Compare with local profile of households by age and type Provide a base figure of all households with potential to take up CSB	2014 based household projections - DCLG https://www.gov.uk/government/statistical-datasets/2014-based-household-projections-detaileddata-for-modelling-and-analytical-purposes
3	Calculate a ratio of local house prices to incomes and compare with the national average. Increase/decrease base figure to reflect whether CSB is likely to be 'more affordable' in the local area than nationally.	Gross Disposable Household Income per head – ONS May 2018 (2017 data) House Price Statistics for Small Areas (HPSSAs) - Dataset 9. Median price paid for administrative geographies – ONS (2017 data)
4	Assume a 'drop out' rate – based on likelihood of completing project taking into account ability to obtain loan finance or to finance directly as well as other general circumstances that may prevent a project being completed (e.g. family issues, loss of interest etc).	Data on how many households can be expected to complete a CSB project if plots were available - data provided by BuildStore, other CSB financiers, and sense checked with a number of small CSB developers affiliated to NaCSBA.
5	Assume a timetable for development of 3 years - starts from 1 st steps towards CSB project through to completion. Data indicates that this is a reasonable approach as no other data is systematically collected on this	Data on 500 households who have completed a CSB project - Self & Custom Build Market Report (Homebuilding and Renovating, 2017)
6	Estimated demand for CSB in years 1-5	Model output
7	Demand for CSB allocated by whether will be for traditional self-build (single plots and larger schemes) or custom build	2013-2016 data from an Ipsos Mori survey for NaCSBA (available from the NaCSBA on request) Sense checked against data on households who have completed a project (Self & Custom Build Market Report (Homebuilding and Renovating, 2017) and local data from registers where available.
8	Demand for intermediate sale housing as a % of the total CSB demand	Based on_NNJPU SHMA Housing Requirement Update January 2015 Table 9.3: intermediate housing as a percentage of market + intermediate housing requirement